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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/119

29 August 1960

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
12 - 25 August 1960

Indonesian First Minister Djuanda's recent tour of the USSR and Eastern Europe mustered significant new Bloc support for Indonesia's newly announced Eight Year Development Plan. Czechoslovakia agreed to advance a long-term credit of \$33.6 million for the purchase of complete factories as well as individual capital goods, and Poland, Hungary, and Bulgaria also pledged long-term credits and agreed to start negotiations before the end of the year on the size of the credits and the purposes for which they are to be used. Djuanda signed a 3-year trade agreement with the USSR (under which the two countries will attempt to triple the present level of trade by 1963) and made arrangements to negotiate similar agreements with Hungary and Bulgaria in the near future.

Following preliminary negotiations in Moscow, Pakistan has accepted in principle a Soviet proposal to provide teams of experts for petroleum and minerals exploration in both East and West Pakistan. A delegation of five Soviet experts is expected to arrive in Pakistan in the near future to begin negotiations to determine the nature and extent of Soviet exploration activities.

On 8 August, India announced that it had broken off negotiations with the USSR for the purchase of crude oil. Further negotiation would have been pointless because the three Western firms which operate the only refineries in India that are equipped to handle imported crude oil -- Stanvac, Caltex, and Burmah Shell -- have agreed to reduce their prices but at the same time have steadfastly refused to refine Soviet crude oil.

A Soviet vessel has reached Matadi, the Congo's principal port, carrying Soviet trucks, spare parts, and an automobile repair shop. East German and Czechoslovak doctors and other medical personnel are reported to have arrived in Leopoldville. These groups are in addition to the Soviet medical team already in the Congo. The total number of Bloc technicians other than medical now in the Congo is about 60,

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Ghana reportedly has arranged to purchase four Il-18 turboprop transport aircraft from the USSR. Payment for the planes will be made over a period of 8 years.

Guinea's Minister of the Economy has informed the Western oil companies doing business in his country that effective 5 August they will be reduced to the role of distributors of petroleum products placed at their disposal by the Guineans and will not be allowed to import their own products unless such products are competitive with the Bloc products in price and in method of payment. A Soviet tanker is expected to arrive in Conakry on 15 September with 2,500 tons of gasoline and 1,400 tons of kerosine.

On 5 August, Cuba and Communist China followed up their recently negotiated commercial agreements with the announcement of Cuba's purchase of 100,000 metric tons of Chinese rice and China's purchase (for 1960 delivery) of 350,000 Spanish long tons of Cuban sugar. The total stated value of the transactions is approximately \$36.4 million.

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